

**THE COUNTY COMMISSIONERS OF
CHARLES COUNTY, MARYLAND
La Plata, Maryland**

**REPORT ON SINGLE AUDIT
June 30, 2010**

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**Independent Auditor's Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

The County Commissioners
of Charles County
Charles County, Maryland

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County Commissioners of Charles County, Maryland (the County) as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 29, 2010. We did not audit the financial statements of the Board of Library Trustees for Charles County. The financial statements of the Board of Library Trustees for Charles County were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Board of Library Trustees for Charles County, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the County Commissioners of Charles County, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Clifton Henderson LLP". The signature is written in a cursive, flowing style.

Calverton, Maryland
October 29, 2010

**Independent Auditor's Report on Compliance With Requirements that
Could have a Direct and Material Effect on Each Major Program and
on Internal Control Over Compliance and Schedule of Expenditures
of Federal Awards in Accordance with OMB Circular A-133**

The County Commissioners
of Charles County
Charles County, Maryland

Compliance

We have audited the compliance of the County Commissioners of Charles County, Maryland (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Board of Library Trustees for Charles County and the Board of Education of Charles County, component units, which received federal awards which are not included in the Schedule of Federal Awards for the year ended June 30, 2010. We were separately engaged to perform and have separately reported on the results of our audit of the Board of Education of Charles County in accordance with OMB Circular A-133. Our audit described below does not include the operations of the component units, Board of Library Trustees for Charles County and the Board of Education of Charles County. The Board of Library Trustees for Charles County was audited by other auditors and we audited and separately reported on the activities of the Board of Education of Charles County.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2010-01.

Internal Control Over Compliance

The management of the County Commissioners of Charles County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2010-01. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County Commissioners of Charles County, Maryland as of and for the year ended June 30, 2010, and have issued our report thereon dated October 29, 2010. The Board of Library Trustees for Charles County and the Board of Education of Charles County, component units, received federal awards which are not included in the Schedule of Federal Awards for the year ended June 30, 2010. We were separately engaged to perform and have separately reported on the results of our audit of the Board of

Education of Charles County in accordance with OMB Circular A-133. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Management's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Management's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County Commissioners of Charles County, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Gunderson LLP

Calverton, Maryland
December 28, 2010, except for the schedule of expenditures of federal awards
which is dated October 29, 2010

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2010

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor's Number	Grant Period	Federal Expenditures
U.S. Department of Housing & Urban Development:				
Direct				
Section 8 Housing Choice Voucher Program	14.871	MD024VO	07/01/09-06/30/10	\$ 7,468,836
Section 8 Housing Choice Voucher Program	14.871	MD024AF	07/01/09-06/30/10	745,033
Pass-through MD Dept of Housing and Community Development				
Community Development Block Grant	14.228	MD-08-CD-6	06/04/08-10/31/2010 (Amended end date from 09/30/2009)	27,858
Community Development Block Grant	14.228	MD-NCI-15 Funded under the ARRA of 2009 [Docket No. FR-5307-N-01] MD-DHCD PO No. S0090400483	03/19/09-06/30/10 All funding must be obligated by 6/30/10 Grant End date is 6/30/13.	920,583
ARRA of 2009: Homeless Prevention & Rapid Rehousing Program (HPRP)	14.257		10/01/09-09/30/12	69,561
Pass-through MD Dept. of Health & Mental Hygiene:				
CSA Shelter Plus Care	14.238	MH 290 OTH	07/01/09-06/30/10	<u>546,736</u>
Total U.S. Department of Housing & Urban Development				<u>9,778,608</u>
Office of National Drug Control Policy				
Pass-through Arlington County				
High Intensity Drug Trafficking Areas	99.999	Agreement No. I-938207	01/01/09-12/31/09	47,459
High Intensity Drug Trafficking Areas	99.999	Agreement No. I-951402	01/01/10-12/31/10	74,164
Pass-through the University of MD				
High Intensity Drug Trafficking Areas	99.999	Agreement No. I-938207	01/01/09-12/31/09	129,330
High Intensity Drug Trafficking Areas	99.999	Agreement No. I-951402	01/01/10-12/31/10	<u>12,041</u>
Total Office of National Drug Control Policy				<u>262,994</u>
U.S. Department of Agriculture				
Pass-through MD Dept. of Education				
Child & Adult Care Food Program	10.558	none	07/01/09-06/30/10	4,116
Pass-through MD Dept. of Human Resources				
Emergency Food Assistance Program (Food Commodities)	10.569	OGM/FNS 09-009-A1	10/01/08-09/30/11	<u>18,668</u>
Total U.S. Department of Agriculture				<u>22,784</u>
U.S. Department of Commerce				
Pass-through MD Dept. of Natural Resources through the National Fish and Wildlife Foundation				
Habitat Conservation	11.463	2007-0081-011 (Funding Source & Number FR.2055-\$29,221, FR.2170-\$33,779)	10/01/07-04/15/10	30,000
Pass-through MD Emergency Mgmt. Agency				
Public Safety Interoperable Communications Grant Program, CCG Project #3153	11.555	(MOU) 07-SR 8843-05 Federal Grant Award #: 2007-GS-H7-0034	04/01/07-09/30/11	<u>69,596</u>
Total U.S. Department of Commerce				<u>99,596</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2010
(Continued)

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor's Number	Grant Period	Federal Expenditures
U.S. Department of Defense, Office of Economic Adjustment Direct				
Community Economic Adjustment Planning Assistance for Joint Land Use Studies - Blossom Point, Proj #3154	12.610	EN0807-09-01	Oct. 1, 2008 to Sept. 30, 2009 Extended to 09/30/10	<u>30,527</u>
Total U.S. Department of Defense				<u>30,527</u>
U.S. Department of the Interior Direct				
Preserve America Matching Grant Program	15.929	24-08-AP-4020	04/01/08-04/30/11 Extended	<u>24,184</u>
Total U.S. Department of the Interior				<u>24,184</u>
U.S. Department of Justice: Direct				
Organized Crime Drug Enforcement Task Force	99.999	OCDETF Inv #MA-MD-0439, Federal Agency Inv# GD-09-0097	07/01/09-09/30/09	4,150
US Marshals Office Joint Law Enforcement Operations	99.999	ISDF-10-0217A	10/06/09-09/30/10	6,097
Regional Fugitive Task Force – 2010 Appropriation Data: FY2010 0324A A3403 FWF2005F OC 2599	99.999	MOU# FATF-10-0069	10/01/09-09/30/10	12,338
Regional Fugitive Task Force – 2009 Appropriation Data: FY2009 0324A A3403 FWF2005F OC 2599	99.999	MOU# FATF-09-0000	10/01/08-09/30/09	2,929
			Date of award 9/17/07 – Allowed 2 years to spend	
Bulletproof Vest Partnership - FFY2007 BFVP	16.607	Application ID#07037047		3,522
Bulletproof Vest Partnership - FFY2009 BFVP	16.607	None	04/01/09-9/30/11	84
State Criminal Alien Assistance Program	16.606	2009-AP-BX-0353	07/1/07-06/30/08	2,698
The Edward J. Byrne Memorial Justice Assistance Grant: CCSO Training Division Equipment Improvements	16.738	2007-DJ-BX-0360	10/01/06-09/30/10	15,342
The Edward J. Byrne Memorial Justice Assistance Grant: CCSO Enhancing Training and Serving Extraditions	16.738	2009-DJ-BX-0366	10/01/08-09/30/12	61,103
Byrne- Justice Assistance Grant - Local Solicitation - ARRA of 2009 (Public Law 111-5): Intelligence Specialist	16.804	2009-SB-B9-0158	03/01/09-02/28/13	80,206
Washington Division Office Task Force Group 1 (Group 32)	99.999	None	10/01/08-09/30/09	5,205
Washington Division Office Task Force Group 1 (Group 36)	99.999	None	09/30/09-09/30/11	5,391
Pass-through the Governor's Offices of Crime Control and Prevention				
		JABG-2007-1004 (Auth. By: Omnibus Crime Control & Safe Streets Act of 2002 - Managed by SRAD - Public Law 106-553)		
Juvenile Accountability Block Grants - Juvenile Drug Court	16.523		01/01/10-08/31/10	8,350
Juvenile Accountability Block Grants - Juvenile Drug Court	16.523	JINT-2007-1003	01/01/10-08/31/10	1,369
Enforcing Underage Drinking Laws Program - (Authorization: PL 107-77): Underage Drinking Enforcement	16.727	EUDL-2009-1018	07/01/09-06/30/10	17,135
The Edward J. Byrne Memorial Justice Assistance Grant: DNA Evidence Testing Program	16.738	BJAG-2006-1112	07/01/08-12/31/09	10,295
The Edward J. Byrne Memorial Justice Assistance Grant: Covert Ops Training - LETS	16.738	BJAG-2007-1135	07/01/09-08/31/09	1,553
The Edward J. Byrne Memorial Justice Assistance Grant: Forensics Training - LETS	16.738	BJAG-2007-1131	07/01/09-08/31/09	1,687
The Edward J. Byrne Memorial Justice Assistance Grant: VICE Investigators Conference - LETS	16.738	BJAG-2007-1153	04/01/10-06/30/10	4,167
The Edward J. Byrne Memorial Justice Assistance Grant: Juvenile Drug Court	16.738	BJAG-2007-1244	07/01/08-12/31/09	1,359
FY2009 Presidential Inauguration Security Assistance Reimbursement Grant Program	16.738	PISA-2009-1010	01/01/09-01/31/09	7,772
Byrne- Justice Assistance Grant - ARRA of 2009 (Public Law 111-5): Warrant Overtime Support - VOWR	16.803	BJRA-2009-1020	07/01/09-12/31/10	20,453
Byrne- Justice Assistance Grant - ARRA of 2009 (Public Law 111-5): License Plate Recognition - LETR	16.803	BJRA-2009-1045	08/01/09-06/30/10	141,318
Byrne- Justice Assistance Grant - ARRA of 2009 (Public Law 111-5): Juvenile Drug Court	16.803	BJRA-2009-1106	01/01/10-12/31/10	<u>6,645</u>
Total U.S. Department of Justice				<u>421,170</u>

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2010
(Continued)

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor's Number	Grant Period	Federal Expenditures
U. S. Department of Transportation:				
Pass-through the MD Department of Transportation				
Federal Transit Formula Grants, VanGo Capital Grant Agreement	20.507	MD-90-0118	07/01/08-07/01/11	241,290
Federal Transit Formula Grants, American Recovery and Reinvestment Act (ARRA) Capital Grant Agreement	20.507	Section 5307 of the ARRA, MD-96-X001	04/01/09-03/31/12	838,383
Federal Transit Formula Grants, VanGo Urban Transportation - Section 5307	20.507	MD-90-4118	07/01/09-06/30/10	1,712,412
Federal Transit Formula Grants, Van-Go Transfer Pavilion, #3124	20.507	MD-90-0101	07/1/06-06/30/10	3,108
VanGo Rural Public Transportation – Section 5311	20.509	MD-18-4027	07/01/09-06/30/10	77,153
State and Community Highway Safety	20.600	Project 09-158	10/01/08-09/30/09	57,243
State and Community Highway Safety	20.600	Project 10-158	10/01/09-09/30/10	80,397
Total U.S. Department of Transportation				<u>3,009,986</u>
U.S. Department of Energy:				
Direct				
Energy Efficiency and Conservation Block Grants (EECBG) (ARRA)	81.128	DE-SC0003420	12/21/09-12/20/12	<u>1,331</u>
Total U.S. Department of Energy				<u>1,331</u>
U.S. Dept. of Health & Human Services				
Pass-through MD Department of Aging				
Title VII: Elder Abuse Prevention/Ombdsman	93.042	AAA-3-24-008	10/01/09-09/30/10	4,604
Title VII: Elder Abuse Prevention/Ombdsman	93.042	AAA-3-24-008	10/01/08-09/30/09	1,584
Title III, Part D: Prevention Health Services	93.043	AAA-3-24-008	10/01/09-09/30/10	675
Title III, Part D: Prevention Health Services	93.043	AAA-3-24-008	10/01/08-09/30/09	8,325
Supportive Services & Senior Centers	93.044	AAA-3-24-008	10/01/09-09/30/10	58,634
Supportive Services & Senior Centers	93.044	AAA-3-24-008	10/01/08-09/30/09	28,637
Title III Part C: Nutrition Services – C1	93.045	AAA-3-24-008	10/01/08-09/30/09	49,152
Title III Part C: Nutrition Services – C2	93.045	AAA-3-24-008	10/01/08-09/30/09	20,548
Title III Part C: Nutrition Services – C1	93.045	AAA-3-24-008	10/01/09-09/30/10	45,923
Title III Part C: Nutrition Services – C2	93.045	AAA-3-24-008	10/01/09-09/30/10	52,798
Special Programs For the Aging Title IV and Title II Discretionary Projects: FY2009 Senior Medicare Patrol (SMP)	93.048	ST-2516-037	07/01/08-06/30/10	2,018
Special Programs For the Aging Title IV and Title II Discretionary Projects: FY2009 Senior Medicare Patrol (SMP)	93.048	ST-2516-037	07/01/09-06/30/10	9,850
Title III, Part E: National Family Caregiver Support Program	93.052	AAA-3-24-008	10/01/08-09/30/09	5,188
Title III, Part E: National Family Caregiver Support Program	93.052	AAA-3-24-008	10/01/09-09/30/10	23,071
Title III, Part E: Nutrition Services Incentive	93.053	AAA-3-24-008	10/01/08-09/30/09	262
Title III, Part E: Nutrition Services Incentive	93.053	AAA-3-24-008	10/01/08-09/30/09	3,868
Title III, Part E: Nutrition Services Incentive	93.053	AAA-3-24-008	10/01/09-09/30/10	1,021
Title III, Part E: Nutrition Services Incentive	93.053	AAA-3-24-008	10/01/09-09/30/10	9,187
2009 ARRA: Aging Home-Delivered Nutrition Services for States	93.705	ST-ARRA09-001	05/15/09-09/30/10	8,341
2009 ARRA: Aging Congregate Nutrition Services for States	93.707	ST-ARRA09-001	05/15/09-09/30/10	13,942
Medicare Enrollment Assistance Program: Medicare Improvements for Patients and Providers Act of 2008 - section 119,110-275, Medicare Beneficiary Outreach and Assistance Program	93.779	ST-2517-008	06/01/09-05/31/10	3,475
Pass-through MD Department of Health and Mental Hygiene				
Projects for Assistance in Transition from Homelessness	93.150	MH 272 OTH, Tracking #09-2234, Project #M2049 & Tracking #10-2234, Project #M2040	07/01/09-06/30/10	35,000
Substance Abuse and Mental Health Services - Projects of Regional and National Significance-Youth Suicide Prevention	93.243	MH 502 OTH, Tracking #09-2260, #10-2260, #11-2260 (Project #s M2629, M2620, M2621)	07/01/09-09/29/11	6,241
Block Grants for Community Mental Health Services-MISA/TAY	93.958	MH 271 OTH, Tracking #09-2237, Project #M2329 & Tracking #10-2237, Project #M2320	07/01/09-06/30/10	127,752

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2010
(Continued)

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor's Number	Grant Period	Federal Expenditures
Pass-through MD Department of Health and Mental Hygiene pass-through the MD Institute for Emergency Medical Services Systems (MIEMSS)				
National Bioterrorism Hospital Preparedness Program	93.889	NHPPCA #U3RMC000 12-02-00, Award Number 6 U3RHS007575-01-01, Sub award No. BT VI-009	06/10/09-07/31/09	122,278
Pass-through MD Department of Education				
Temporary Assistance for Needy Families – Home Visitation	93.558	SG1044170012	07/01/09-06/30/10	317,513
Temporary Assistance for Needy Families – Healthy Families	93.558	SG1044170012	07/01/09-06/30/10	31,209
Pass-through MD Department of Human Resources- Charles County Department of Social Services				
Temporary Assistance for Needy Families – Family Preservation	93.558	CHA/FACS/10-001 PO#N00P0402222	07/01/09-06/30/10	205,000
Child Support Enforcement Administration				
Child Support Enforcement Administration	93.563	CSEA/CRA-09-042	10/01/08-09/30/09	93,316
Child Support Enforcement Administration	93.563	CSEA/CRA-10-042	10/01/09-09/30/10	317,996
Child Support Enforcement Administration	93.563	CSEA/CRA-09-012	10/01/08-09/30/09	85,382
Child Support Enforcement Administration	93.563	CSEA/CRA-10-012	10/01/09-09/30/10	263,620
Child Support Enforcement Administration	93.563	CSEA/CRA-09-037	10/01/08-09/30/09	25,629
Child Support Enforcement Administration	93.563	CSEA/CRA-10-037	10/01/09-09/30/10	89,842
Child Support Enforcement Admin. - Incentive Funds FY 07	93.563	Sheriff's Office	06/22/09-06/21/11	1,568
Child Support Enforcement Admin. - Incentive Funds FY 06	93.563	Sheriff's Office	03/24/08-03/23/10 Received Extension to 06/30/10	8,652
Child Support Enforcement Admin. - Incentive Funds - Recovery Act ARRA Match	93.563	Sheriff's Office	10/01/08-09/30/10	7,450
Child Support Enforcement Admin. - Incentive Funds FY 06	93.563	Masters	03/24/08-03/23/10 Rec'd Extension to 06/15/10	682
Child Support Enforcement Admin. - Incentive Funds - Recovery Act ARRA Match	93.563	Masters	10/01/08-09/30/10	1,324
Child Support Enforcement Admin. - Incentive Funds FY 07	93.563	State Attorney Office	06/22/09-06/21/11	243
Child Support Enforcement Admin. - Incentive Funds FY 06	93.563	State Attorney Office	03/24/08-03/23/10	534
Child Support Enforcement Admin. - Incentive Funds - Recovery Act ARRA Match	93.563	State Attorney Office	10/01/08-09/30/10	836
Total U.S. Dept. of Health & Human Services				<u>2,093,168</u>
Centers for Medicare & Medicaid Services				
Pass-through MD Dept. of Aging				
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	ST-2217-008	07/01/09-06/30/10	109,467
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	AAA-008 Grant #ST-2515-008	04/01/09-03/31/10	<u>12,644</u>
Total Centers for Medicare & Medicaid Services				<u>122,111</u>
Department of Homeland Security				
Pass-through MD Emergency Mgmt. Agency				
Emergency Mgmt. Performance Grant - FY09	97.042	2009-EP-E9-0049	10/01/08-06/30/10	38,014
Emergency Mgmt. Performance Grant - FY10	97.042	2010-EP-EO-0041 (MEMAGMS #10-SR-8843-01)	10/01/09-06/30/11	9,153
Port Security Grant Program	97.056	2007-GB-T7-K312	10/01/07-09/30/10	29,958
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	December 2009 Winter Storm (FEMA-1875-DR-MD) MEMA# PA-03-MD-1875	FY2010	630,317
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	February 2010 Severe Winter Storm (FEMA-1910-DR-MD) MEMA #PA-03-MD-1910	FY2010	1,014,666
Homeland Security Grant Program FY 09 – SHSG	97.067	Federal # 2009-SS-T9-0080, MEMA # 09-SR 8843-03	08/01/09-04/30/12	130,676

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2010
(Continued)

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor's Number	Grant Period	Federal Expenditures
Homeland Security Grant Program FY 07 – SHSG Planner	97.067	2007-GE-T7-0040	07/01/07-03/31/10	38,575
Homeland Security Grant Program FY 07 – LETPP	97.067	2007-GE-T7-0040	07/01/07-03/31/10	46,349
Homeland Security Grant Program FY08 – CCP/CERT	97.073	2008-GE-T8-0011	09/01/08-05/31/11	2,989
Homeland Security Grant Program FY08 – SHSG	97.073	2008-GE-T8-0011	09/01/08-05/31/11	60,444
Homeland Security Grant Program FY08 – SHSG Planner	97.073	2008-GE-T8-0011	09/01/08-05/31/11	<u>60,692</u>
Total Department of Homeland Security				<u>2,061,832</u>
TOTAL				<u>\$ 17,928,291</u>

The accompanying notes are an integral part of the schedule.

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2010

NOTE 1 – SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133

All federal awards programs operated by the County Commissioners of Charles County, Maryland are included in the scope of the OMB Circular A-133 audit. Federal awards of the Board of Library Trustees and the Board of Education of Charles County, component units, are not included in the Schedule of Federal Awards. Compliance testing of all applicable compliance requirements, as described in the Office of Management Budget's Compliance Supplement for A-133, was performed for all major programs.

The U.S. Department of Housing and Urban Development has been designated as the oversight audit agency for the OMB Circular A-133 audit.

NOTE 2 – FISCAL PERIOD AUDITED

Single audit testing procedures were performed for transactions occurring during the fiscal year ended June 30, 2010.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

All Governmental Funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available as net current assets. Grant revenues recorded in Governmental Funds are recognized as revenue in the accounting period during which the expenditure is made.

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A133, audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 4 – LOANS OUTSTANDING

The County administers low-income housing loan programs under the Community Development Block Grant Program. The County had the following loan balances outstanding at June 30, 2010:

Program Title	Federal CFDA #	Amount Outstanding
Community Development Block Grant	14.228	\$ 899,955

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2010

NOTE 5 – SUBRECIPIENTS

The County Commissioners of Charles County provided federal awards to subrecipients as follows:

Program Title	Federal CFDA #	Amount Provided
Emergency Food Assistance Program	10.569	\$ 18,668
ARRA Homeless Prevention & Rapid Rehousing	14.257	56,918
Projects for Assistance in Transition from Homelessness	93.150	33,600
Block Grants for Community Mental Health Services	93.958	124,800

This information is an integral part of the accompanying schedule.

THE COUNTY COMMISSIONERS OF CHARLES COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2010

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	Yes	_____ <u>X</u> _____	None reported
Noncompliance material to financial statements noted?	_____	Yes	_____ <u>X</u> _____	No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ <u>X</u> _____	Yes	_____	None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	_____ <u>X</u> _____	Yes	_____	No
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Identification of Major Programs

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Community Development Block Grants	14.228
Child Support Enforcement	93.563
Federal Transit Formula Grants	20.507
Aging Cluster	93.044, 93.045, 93.053, 93.705, 93.707
Public Assistance (Disaster Grants)	97.036
Byrne – Justice Assistance Grants	16.803

Dollar threshold used to distinguish between type A and type B programs \$ 537,849

Auditee qualified as low-risk auditee?	_____ <u>X</u> _____	Yes	_____	No
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This information is an integral part of the accompanying schedule.

**THE COUNTY COMMISSIONERS OF
CHARLES COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2010**

II. Financial Statement Findings

None noted

III. Federal Award Findings and Questioned Costs

Finding Reference: 2010-01

Federal Agency:	U.S. Department of Transportation
Federal Program:	20.507 – Federal Transit Formula Grants
Compliance Requirement:	Allowable Costs/Cost Principles
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance

Condition

The Department of Community Services (Department) charges salaries and benefits for 5 full-time employees to the Federal Transit program. However, there were no periodic time and effort certifications prepared to reflect after-the-fact distributions of the employee's actual activity on the grant charged during the period under audit. We selected 3 bi-weekly payroll transactions for each of the 5 employees, and noted that the Department did not maintain the required time and effort reports for any of the sampled transactions to support the activities related to the payroll costs charged to the grant. The total payroll costs charged to the Federal Transit program are as follows: Salaries - \$196,494.23 and Fringes - \$66,906.04 for a total of \$263,400.27.

Context

We selected a sample of 15 bi-weekly payroll transactions from a population of 130 to test for compliance with allowable costs/cost principles requirements. We noted exceptions due to lack of time and effort certifications for all 15 transactions tested.

Criteria

Where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. (OMB Circular A-87, Attachment B.8.h.3)

Cause

The Department's procedures did not include performance of effort reporting for the Federal Transit program based on actual time worked during the reporting period.

Effect

The Department is not in compliance with federal allowable costs guidelines to allocate time to grants based on actual time spent working on each grant.

Questioned Costs

The questioned costs associated with this finding are undeterminable based on lack of time and effort certifications.

This information is an integral part of the accompanying schedule.

**THE COUNTY COMMISSIONERS OF
CHARLES COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2010**

Recommendation

We recommend that the Department implement procedures and controls to ensure that time and effort certifications are obtained from the employees on at least a semi-annual basis, stating the percentage of time worked related to the Federal Transit program during the period covered by the certification.

Management's Response

In Fiscal Year 2010, all employees in the Transportation Division of Charles County Government (CCG) Department of Community Services worked exclusively on a public transit system which is funded through Federal Transit Administration (FTA) grants as well as through Maryland Transit Administration (MTA) state grants and local funding. Transportation Division employee job descriptions are established solely toward transportation functions and the division's finances are accounted for in a Special Revenue Fund designated strictly for Transportation.

CCG transportation program descriptions are similar and frequently have overlap in services. With this rider-ship dynamic in mind, the Chief of Transportation has prepared an allocation schedule which was reviewed during an FTA/MTA Triennial review completed in December 2009 and was not raised as an issue. OMB Circular A-87 allows for a substitute system for allocating salaries and wages to federal awards in place of activity reports.

However, the County's Department of Community Services, Transportation Division will implement the recommendation for bi-annual certification by employees and therefore has drafted a certification form to be implemented for FY2011.

**THE COUNTY COMMISSIONERS OF
CHARLES COUNTY, MARYLAND
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2010**

No prior year findings related to federal awards.